

WHAT IS CLAIMED:

1. A method, comprising the steps of:  
among a cooperative consortium of manufacturers of  
5 a class of goods and a financing organization, cooperatively  
specifying underwriting standards for a class of financial  
instruments, the financing organization being cooperatively  
owned by at least three of the manufacturers, no single  
manufacturer owning 50% or more of the financing  
10 organization, rating agencies attributing to an originator  
of financial instruments of the class a moral recourse  
obligation to support the financial instruments;  
originating financial instruments of the class,  
the financial instruments originated by a plurality of  
15 originators, including the manufacturers, and conforming to  
the underwriting standards, at least some of the financial  
instruments being originated at a below-market interest  
rate;  
purchasing and aggregating financial instruments  
20 by the financing organization from the plurality of  
originators, the financing organization only purchasing  
financial instruments conforming to the underwriting  
standards, the financing organization not being bound to  
purchase all financial instruments tendered by the  
25 originators to the financing organization; and  
offering the financial instruments for sale in the  
financial markets in the form of structured securities  
backed or secured by the financial instruments, the  
financial instruments being offered by the financing  
30 organization, the securities including a first loss piece  
and structured to entirely transfer default risk from the  
primary originators to purchasers and to terminate the moral  
recourse obligation of the originator.

35 2. A method, comprising the steps of:  
offering financial instruments for sale in the  
financial markets, rating agencies attributing to an  
originator of the financial instruments a moral recourse

obligation to support the financial instruments, the financial instruments being offered by a financing organization being chartered for the purpose of offering the financial instruments in the financial markets and offering  
5 the financial instruments on terms that entirely transfer default risk to purchasers of the financial instruments and that terminate the moral recourse obligation of the originator.

10                   3.           The method of claim 2, wherein:  
the financial instruments are offered for sale in the financial markets in the form of structured securities backed or secured by the financial instruments, the securities including a first loss piece and structured to  
15 entirely transfer default risk to purchasers of the financial instruments and terminate the moral recourse obligation of the originator.

20                   4.           The method of claim 2, further comprising the step of:  
aggregating financial instruments for sale in the financial markets, the financial instruments having been originated by a plurality of primary originators.

25                   5.           The method of claim 4, further comprising the step of:  
ensuring that each pool of financial instruments offered for sale in the financial markets is diversified among the primary originators so that no single originator  
30 originated 50% or more of the financial instruments in the pool.

35                   6.           The method of claim 4, further comprising the step of:  
offering the financial instruments in the financial markets in at least two forms drawn from the group consisting of: (a) whole financial instruments, (b) participations in pools of financial instruments, and

(c) structured securities backed or secured by the financial instruments.

7. The method of claim 2, further  
5 comprising the step of:

aggregating for sale in the financial markets  
financial instruments originated by a plurality of primary  
originators, the financial instruments being offered by a  
financing organization cooperatively owned by at least three  
10 of the primary originators, no single originator of the  
ownership cooperative owning 50% or more of the financing  
organization.

8. The method of claim 2, wherein:  
15 the financial instruments are purchase money  
financial instruments to finance purchase of an industry-  
recognized class of consumer goods offered by the originator  
or a corporate affiliate of the originator.

9. The method of claim 8, wherein the goods  
20 are automobiles.

10. The method of claim 8, wherein the  
originator is a captive finance company of an automobile  
25 manufacturer.

11. The method of claim 8, further  
comprising the step of:  
adjusting a price paid by the financing  
30 organization to the originator based on depreciation rates  
or resale values of varying models of the goods.

12. The method of claim 2, further  
comprising the step of:  
35 the originator contractually committing not to  
provide any form of credit support for financial instruments  
sold by the originator to the financing organization or by  
the financing organization in the financial markets.

13. The method of claim 2, further comprising the step of:

5 specifying underwriting standards for the financial instruments, the financing organization purchasing only financial instruments conforming to the underwriting standards, the underwriting standards excluding at least about 25% of originated financial instruments.

10 14. The method of claim 13, further comprising the step of:

developing the underwriting standards in consultation with the rating agencies.

15 15. A method, comprising the steps of:  
offering securities for sale in the financial markets, the securities backed or secured by financial instruments, rating agencies attributing to an originator of the financial instruments a moral recourse obligation to  
20 support the financial instruments, the securities including a first loss piece and structured to entirely transfer default risk to purchasers of the financial instruments and terminate the moral recourse obligation of the originator.

25 16. The method of claim 15, wherein:  
the financial instruments backing the securities were originated by a plurality of primary originators.

30 17. The method of claim 16, further comprising the step of:

ensuring that each security issue offered for sale is diversified among the primary originators so that no single originator originated 50% or more of the financial instruments backing the security issue.

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18. The method of claim 16, further comprising the step of:

offering the financial instruments in the financial markets in at least two forms drawn from the group consisting of: (a) whole financial instruments, (b) participations in pools of the financial instruments, and  
5 (c) structured securities backed or secured by the financial instruments.

19. The method of claim 16, wherein:  
the securities are offered by a financing  
10 organization cooperatively owned by at least three of the primary originators, no single originator of the ownership cooperative owning 50% or more of the financing organization.

15 20. The method of claim 19, further comprising the step of:  
adjusting a price paid by the financing organization to the originators based on depreciation rates or resale values of goods financed by the financial  
20 instruments.

21. The method of claim 19, further comprising the step of:  
adjusting a price paid by the financing  
25 organization to the originators based on average credit risk of borrowers of the financial instruments.

22. The method of claim 16, further comprising the step of:  
30 specifying underwriting standards for a class of financial instruments, the underwriting standards being specified by a financing organization chartered to offer the securities; and  
purchasing financial instruments by the financing  
35 organization from the plurality of originators of financial instruments, the financing organization purchasing only financial instruments conforming to the underwriting standards, the financing organization not being bound to

purchase financial instruments tendered by the originators to the financing organization.

23. The method of claim 22, further  
5 comprising the step of:  
specifying servicing standards for the financial instruments, the financing organization purchasing only financial instruments conforming to the servicing standards.

10 24. The method of claim 22, further  
comprising the step of:  
developing the underwriting standards in consultation with the rating agencies.

15 25. The method of claim 15, wherein:  
the financial instruments are drawn from an industry-recognized class of consumer financial instruments.

20 26. The method of claim 25, wherein the  
originator is a captive finance company of an automobile manufacturer.

27. The method of claim 15, further  
comprising the step of:  
25 the originator contractually committing not to provide any form of credit support for financial instruments sold by the originator to the financing organization or by the financing organization in the financial markets.

30 28. The method of claim 15, wherein the  
securities comprise tranches of at least four seniorities.

29. A method, comprising the steps of:  
aggregating and offering financial instruments for  
35 sale in the financial markets, the financial instruments having been originated by a plurality of primary originators, the financial instruments being offered by a financing organization on terms that entirely transfer

default risk from the primary originators to purchasers of the financial instruments.

5           30.           The method of claim 29, wherein:  
the financing organization is cooperatively owned by at least three of the primary originators, no single originator of the ownership cooperative owning 50% or more of the financing organization.

10           31.           The method of claim 30, wherein at least two members of the ownership cooperative are captive finance companies of automobile manufacturers.

15           32.           The method of claim 30, wherein at least one of the primary originators is not a member of the ownership cooperative.

20           33.           The method of claim 29, further comprising the step of:  
specifying underwriting standards for a class of financial instruments, the underwriting standards being specified by the financing organization; and  
purchasing financial instruments by the financing organization from the primary originators, the financing organization only purchasing financial instruments  
25           conforming to the underwriting standards, the financing organization not being bound to purchase financial instruments tendered by the originators to the financing organization.

30           34.           The method of claim 29, wherein:  
the originators are a cooperative consortium of manufacturers of a class of goods, who have agreed to underwriting standards for financial instruments to finance  
35           purchase of the goods; and  
the financing organization purchases only financial instruments conforming to the underwriting standards.

35. The method of claim 29, further comprising the step of:

5 ensuring that each pool of financial instruments offered for sale in the financial markets is diversified among the primary originators so that no single originator originated 50% or more of the financial instruments in the pool.

10 36. The method of claim 29, wherein:  
the financial instruments are purchase money financial instruments to finance purchase of an industry-recognized class of consumer goods offered by the originator or by a corporate affiliate of the originator.

15 37. The method of claim 29, wherein:  
the financial instruments are drawn from an industry-recognized class of consumer financial instruments.

20 38. The method of claim 29, further comprising the step of:  
adjusting a price paid by the financing organization to the originator based on depreciation rates or resale values of varying models of the goods.

25 39. The method of claim 29, further comprising the step of:  
the originator contractually committing not to provide any form of credit support for financial instruments  
30 sold by the originators to the financing organization or by the financing organization in the financial markets.

40. The method of claim 29, further comprising the step of:  
35 offering the financial instruments in the financial markets in at least two forms drawn from the group consisting of: (a) whole financial instruments, (b) participations in pools of the financial instruments, and



(c) structured securities backed or secured by the financial instruments.

41. The method of claim 29, further  
5 comprising the step of:  
organizing the financial instruments into pools  
for sale in the financial markets, the financial instruments  
backing each pool being held by a bankruptcy-remote entity  
established by the financing organization.

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42. The method of claim 29, wherein the  
financial instruments are offered in the financial markets  
in the form of structured securities of at least four  
seniority tranches.

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43. The method of claim 29, further  
comprising the step of:  
adjusting a price paid by the financing  
organization to the originators based on average credit risk  
20 of borrowers of the financial instruments.

44. The method of claim 29, further  
comprising the step of:  
specifying servicing standards for the financial  
25 instruments, the financing organization purchasing only  
financial instruments conforming to the servicing standards.

45. A method, comprising the steps of:  
aggregating and offering financial instruments for  
30 sale in the financial markets, the financial instruments  
having been originated by a plurality of primary  
originators, the financial instruments being offered by a  
financing organization cooperatively owned by at least three  
of the primary originators, no single originator of the  
35 ownership cooperative owning 50% or more of the financing  
organization.

46. The method of claim 45, wherein:

the financial instruments conform to underwriting standards specified by the financing organization, the financing organization not being bound to purchase financial instruments tendered by the originators to the financing organization.

47. The method of claim 46, further comprising the step of:

the financing organization re-underwriting the financial instruments to ensure compliance with the underwriting standards.

48. The method of claim 45, further comprising the step of:

the financial instruments conform to underwriting standards specified by a cooperative consortium of manufacturers of a class of goods, the financial instruments being purchase money financial instruments to finance purchase of the goods.

49. The method of claim 48, further comprising the step of:

the financing organization auditing the financial instruments for compliance with the underwriting standards.

50. The method of claim 45:

wherein the financial instruments have been originated at a below-market interest rate,

and further comprising the step of the financing organization purchasing the financial instruments receiving a cash payment from either a manufacturer of goods financed by the financial instruments or from the originators, the payment being in an amount compensating for the below-market rate.

51. The method of claim 45, wherein:  
the financial instruments are purchase money financial instruments to finance purchase of a class of

consumer goods offered by the originators or by corporate affiliates of the originators.

52. The method of claim 45, wherein at least  
5 two members of the ownership cooperative are captive finance companies of automobile manufacturers.

53. The method of claim 45, further  
comprising the step of:  
10 ensuring that each pool of financial instruments aggregated and offered for sale is diversified among the primary originators so that no single originator originated 50% or more of the financial instruments in the pool.

54. The method of claim 45, wherein at least  
15 one of the primary originators is not a member of the ownership cooperative.

55. The method of claim 45, further  
20 comprising the step of:  
the originators contractually committing not to provide any form of credit support for financial instruments sold by the originators to the financing organization or by the financing organization in the financial markets.

56. The method of claim 45, further  
comprising the step of:  
aggregating the financial instruments into pools  
for sale in the financial markets, the financial instruments  
30 backing each pool being held by a bankruptcy-remote entity established by the financing organization.

57. The method of claim 45, further  
comprising the step of:  
35 adjusting a price paid by the financing organization to the originators based on average credit risk of borrowers of the financial instruments.

58. The method of claim 45, further comprising the step of:

specifying servicing standards for the financial instruments, the financing organization purchasing only  
5 financial instruments conforming to the servicing standards.

59. A method, comprising the steps of:

specifying underwriting standards for a class of financial instruments, the underwriting standards being  
10 specified by a financing organization chartered to offer financial instruments conforming to the underwriting standards in the financial markets; and

purchasing financial instruments by the financing organization from a plurality of originators of financial  
15 instruments, the financing organization only purchasing financial instruments conforming to the underwriting standards, the financing organization not being bound to purchase financial instruments tendered by the originators to the financing organization.

60. The method of claim 59, wherein:

the underwriting standards are specified in consultation with members of a cooperative consortium of manufacturers of a class of goods, the financial instruments  
25 being purchase money financial instruments to finance purchase of the goods.

61. The method of claim 60, further comprising the step of:

30 the financing organization auditing the financial instruments for compliance with the underwriting standards.

62. The method of claim 59, further comprising the step of:

35 wherein the financial instruments have been originated at a below-market interest rate, the financing organization receiving a cash payment from either a manufacturer of goods financed by the financial instruments

or from the originators, the payment being in an amount compensating for the below-market rate.

63. The method of claim 59:  
5 wherein rating agencies attribute to the originators a moral recourse obligation to support the financial instruments.

64. The method of claim 63, further  
10 comprising the step of:  
offering the financial instruments in the financial markets on terms that entirely transfer default risk to purchasers of the financial instruments and that terminate the moral recourse obligation of the originators.

65. The method of claim 63, further  
15 comprising the step of:  
developing the underwriting standards in consultation with the rating agencies.

66. The method of claim 59, further  
20 comprising the step of:  
entering a master servicing agreement among the financing organization and the originators under which a  
25 master servicing entity provides master servicing services.

67. The method of claim 59, further  
comprising the step of:  
organizing the financial instruments into pools  
30 for sale in the financial markets.

68. The method of claim 67, further  
comprising the step of:  
ensuring that each pool of financial instruments  
35 offered for sale in the financial markets is diversified among the primary originators so that no single originator originated 50% or more of the financial instruments in the pool.

69. The method of claim 67, further comprising the step of:

transferring ownership of the financial  
5 instruments backing each pool into a bankruptcy-remote  
entity established by the financing organization.

70. The method of claim 59, further comprising the step of:

10 the financing organization re-underwriting the  
financial instruments to ensure compliance with the  
underwriting standards.

71. The method of claim 59, further comprising the step of:

15 adjusting a price paid by the financing  
organization to an originator based on average credit risk  
of borrowers of the financial instruments offered by the  
originator.

20 72. The method of claim 59, further comprising the step of:

specifying servicing standards for the financial  
instruments, the financing organization purchasing only  
25 financial instruments conforming to the servicing standards.

73. A method, comprising the steps of:  
among a cooperative consortium of originators of  
financial instruments, agreeing to underwriting standards  
30 for financial instruments; and

aggregating financial instruments for offering in  
the financial markets, the financial instruments originated  
by the originators and conforming to the underwriting  
standards.

35 74. The method of claim 73, wherein at least  
two of the originators are captive finance companies of  
automobile manufacturers.

75. The method of claim 73, wherein:  
the aggregating of the financial instruments is  
performed by a financing organization that is independent of  
5 the originators.

76. The method of claim 75, wherein:  
the financial instruments have been originated at  
a below-market interest rate, and the financing organization  
10 has received a cash payment from either a manufacturer of  
goods financed by the financial instruments or from the  
originators, the payment being in an amount compensating for  
the below-market rate.

15 77. The method of claim 75, further  
comprising the step of:  
entering a master servicing agreement among the  
financing organization and the originators under which a  
master servicing entity provides master servicing services.

20 78. The method of claim 75, further  
comprising the step of:  
re-underwriting the financial instruments by the  
financing organization to ensure compliance with the  
25 underwriting standards.

79. The method of claim 75, further  
comprising the step of:  
adjusting a price paid by the financing  
30 organization to an originator based on average credit risk  
of the financial instruments offered by the originator.

80. The method of claim 75, further  
comprising the step of:  
35 adjusting a price paid by the financing  
organization to the originators based on depreciation rates  
or resale values of varying models of the goods.

81. The method of claim 75, further comprising the step of:

specifying servicing standards for the financial instruments, the financing organization purchasing only  
5 financial instruments conforming to the servicing standards.

82. The method of claim 75, further comprising the step of:

the originators contractually committing not to  
10 provide any form of credit support for financial instruments sold by the originators to the financing organization or by the financing organization in the financial markets.

83. The method of claim 73, wherein:

15 rating agencies attribute to originators of the financial instruments a moral recourse obligation to support the financial instruments.

84. The method of claim 83, further

20 comprising the step of:

offering the financial instruments in the financial markets on terms that entirely transfer default risk to purchasers of the financial instruments and that terminate the moral recourse obligation of the originators.

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85. The method of claim 73, further comprising the step of:

offering the financial instruments in the financial markets in the form of structured securities  
30 backed or secured by the financial instruments, the securities including a first loss piece and structured to entirely transfer default risk to purchasers of the financial instruments and terminate the moral recourse obligation of the originators.

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86. The method of claim 73, further comprising the step of:



developing the underwriting standards in  
consultation with the rating agencies.

87. The method of claim 73, further  
5 comprising the step of:  
organizing the financial instruments into pools  
for sale in the financial markets.

88. The method of claim 87, further  
10 comprising the step of:  
ensuring that each pool of financial instruments  
offered for sale in the financial markets is diversified  
among the primary originators so that no single originator  
originated 50% or more of the financial instruments in the  
15 pool.

89. The method of claim 87, further  
comprising the step of:  
transferring ownership of the financial  
20 instruments backing each pool into a bankruptcy-remote  
entity established by a financing organization that is  
independent of the originators.

90. The method of claim 87, wherein the  
25 pools are offered in the financial markets in the form of  
structured securities of at least three seniority tranches.

91. The method of claim 73, wherein at least  
one of the primary originators is not a member of the  
30 ownership cooperative.

92. A method, comprising the steps of:  
purchasing financial instruments from a plurality  
of originators of financial instruments, the financial  
35 instruments having been originated at a below-market  
interest rate, a financing organization purchasing the  
financial instruments receiving a cash payment from either a  
manufacturer of goods financed by the financial instruments

or from the originators, the payment being in an amount compensating for the below-market rate.

93. The method of claim 92, wherein at least  
5 two of the originators are captive finance companies of automobile manufacturers.

94. The method of claim 92, wherein:  
rating agencies attribute to the originators a  
10 moral recourse obligation to support the financial instruments.

95. The method of claim 94, further comprising the step of:  
15 offering the financial instruments for sale in the financial markets, on terms that entirely transfer default risk to purchasers of the financial instruments and that terminate the moral recourse obligation of the originators.

20 96. The method of claim 94, further comprising the step of:  
offering the financial instruments for sale in the financial markets in the form of structured securities backed or secured by the financial instruments, the  
25 securities including a first loss piece and structured to entirely transfer default risk to purchasers of the financial instruments and terminate the moral recourse obligation of the originator.

30 97. The method of claim 92, further comprising the step of:  
aggregating and offering the financial instruments for sale in the financial markets, the financial instruments being offered by a financing organization on terms that  
35 entirely transfer default risk from the primary originators to purchasers of the financial instruments.